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UNCLAS SECTION 01 OF 03 HARARE 000714

AF/S FOR B. WALCH
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR
STATE PASS TO USAID FOR L.DOBINS AND J. HARMON
COMMERCE FOR ROBERT TELCHIN

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SUBJECT: ZIM NOTES 09-08-2009

11. SUMMARY

Topics of the week:

- Codel Meets with Mugabe, Tsvangirai and MPs...
- Min. of Justice Withdraws Zimbabwe from SADC Tribunal...
- Fires Destroy Two White Homesteads...
- KP Chair Clarifies Zim Visit...
- Teachers Ignore Call to Strike...
- Mugabe Grants Amnesty to 1,500...
- S/GAC Visits Zim...
- Residents Angered by Council's Profligacy...
- HRW: GPA Fails to Deliver...
- Gono Spins SDR Allocation...
- Cost of Food Basket for Family of Six Falls...- LonZim Mulls Secondary Listing in Zimbabwe...
- Industry Recovery a Curse for Power Utility...
- CZI Goes Zzzzz...

On the Political/Social Front

12. Codel Meets with Mugabe, Tsvangirai and MPs... A five-member Congressional delegation led by Rep. Greg Meeks (D-NY), and including Rep. Melvin Watt (D-NC), Rep. Sheila Jackson-Lee (D-TX), Rep. Marcia Fudge (D-OH), and Rep. Jack Kingston (R-GA), spent two days in Harare meeting separately with President Mugabe, Prime Minister Tsvangirai, Speaker Moyo and the three co-chairs of the Parliamentary Select Committee on the Constitution. The delegation discussed the performance of the inclusive government and the need to resolve outstanding issues, while reiterating their support for the Zimbabwean people. Despite several weeks of advance notice, permission to meet with Mugabe came shortly before the group was scheduled to depart Harare resulting in only a brief courtesy call. The State media portrayed the rushed meeting as an indication that the U.S. was not interested in meeting with ZANU-PF officials. See Harare 707.

13. Min. of Justice Withdraws Zimbabwe from SADC Tribunal... Minister of Justice Patrick Chinamasa (ZANU-PF) delivered a letter to the SADC Tribunal dated August 7 informing the regional body's legal organ that Zimbabwe would no longer participate in Tribunal proceedings until the establishment of the court has been ratified by two-thirds of all members. Chinamasa said Zimbabwe would also no

longer be bound by the court's decisions, which previously the country had only participated in out of "respect for the SADC Secretariat." Legal opinions differ about whether or not Zimbabwe's ratification of the SADC Treaty extends to the un-ratified Protocol that formed the Tribunal Court. The decision follows the Tribunal's November ruling favoring the case of a group of white farmers contesting the seizure of their farms.

¶4. Fires Destroy Two White Homesteads... The farmhouses of white commercial farmers Ben Freeth and his father-in-law Mike Campbell were burnt down on August 31 and September 2, respectively. There are different reports about the first fire, but the second fire appears to be an act of arson stemming from the farmers' refusal to vacate their properties, despite having been granted relief by the SADC Tribunal Court last November. The Freeths and Campbells have QSADC Tribunal Court last November. The Freeths and Campbells have also been victimized by violence for remaining on their land, as evidenced by their April 2008 abductions and beatings at the hands of ZANU-PF militias. Perhaps not coincidentally "Mugabe and the White African," a film about farm invasions and the SADC Tribunal screened in Johannesburg on September 1.

¶5. KP Chair Clarifies Zim Visit... The Namibian Deputy Minister of

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Mines and Kimberley Process Chairman Bernard Esau issued a statement this week to clarify that his recent visit to Zimbabwe was a "bilateral (trip) for informative purposes only." Also this week, Zimbabwe Minister of Mines and Mining Development Obert Mpofu told a parliamentary committee that the government wants "50 percent shareholding in joint ventures with investors, that's not negotiable." For Esau's statement, see:
<http://www.kimberleyprocess.com/download/getfile/925>

¶6. Teachers Ignore Call to Strike... The Zimbabwe Teachers' Association (ZIMTA) called for teachers to strike this week when the third term started on September 2. ZIMTA and the Progressive Teachers' Union (PTUZ) engaged in long negotiations with Education Minister David Coltart (MDC-M) and Finance Minister Tendai Biti (MDC-T) over salaries. Teachers, like all civil servants, are being paid on average just US \$150 per month. PTUZ did not call on its members to strike, acknowledging the two ministers' efforts to negotiate a raise while contending with empty government coffers. We have heard that most teachers, regardless of union membership, were back in class this week.

¶7. Mugabe Grants Amnesty to 1,500... Citing overcrowding and limited resources in the prison system, President Mugabe granted amnesty to 1,500 prisoners this week. All convicted female prisoners and juveniles, except those serving sentences for serious crimes such as murder, rape and other sexual offenses, car-jacking, armed robbery and stock theft, would have the remainder of their sentences curtailed.

¶8. S/GAC Visits Zim... Ambassador Eric Goosby, the Global AIDS Coordinator for the President's Emergency Plan for AIDS Relief (PEPFAR) and lead for the U.S. Government's engagement with the Global Fund for AIDS, Tuberculosis and Malaria, was in Zimbabwe this week, meeting with USAID, CDC, implementing partners and government officials. Through PEPFAR, the USG is the leading provider of bilateral HIV/AIDS assistance to Zimbabwe. Between 2004 and 2008, the U.S. Government provided nearly \$109 million to Zimbabwe to support comprehensive HIV/AIDS prevention, treatment and care programs.

¶9. Residents Angered by Council's Profligacy... Harare residents voiced their anger at the free-spending Harare City Council which recently bought a Mercedes for the mayor and two Toyota Prados for his directors, while failing to supply water to certain residential areas. The total bill for the vehicles came to US\$343,000. The Combined Harare Residents' Association (CHRA) has demanded a meeting with Mayor Masunda over the matter and argues that the money could have provided six month's worth of water to the city's dry suburbs.

¶10. HRW: GPA Fails to Deliver... This week, Human Rights Watch published a new report documenting the Global Political Agreement's (GPA) failures to improve human rights in Zimbabwe. See:
<http://www.hrw.org/en/reports/2009/08/31/false-dawn-0>
<http://www.hrw.org/en/reports/2009/08/31/false-dawn-0>

11. Gono Spins SDR Allocation... Following the International Monetary Fund's new allocation of Special Drawing Rights to all its members, The Herald has portrayed the increase in Zimbabwe's reserves as a cash windfall ("IMF gives Zim US\$500m") resulting from "months of behind-the-scenes interaction" between the IMF and Reserve Bank of Zimbabwe Governor Gideon Gono. The GOZ mouthpiece quotes Gono as saying, "We have been in constant delicate discussions with IMF technical teams over the past few months and I am pleased to now say that we have gotten somewhere." Meanwhile,

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back here on Earth, the RBZ is still going nowhere fast. But after Dr. Gono's spin-doctoring, Finance Minister Biti is likely to be pilloried by The Herald if he chooses not to borrow the SDRs (at a non-concessional interest rate) to fund a stimulus package. We expect Biti will risk The Herald's wrath and keep the SDRs in reserve for now. See Harare 711.

12. Cost of Food Basket for Family of Six Falls... Data shows that the cost of a food basket for a family of six monitored by the Consumer Council of Zimbabwe (CCZ) fell from about US\$500 in July to US\$495 in August, thanks to a 4 percent decline in food prices which the director of CCZ attributed to a re-appearance of Zimbabwean as opposed to imported products on supermarket shelves. Despite the observed fall, the new level is still far above average earnings.

13. LonZim Mulls Secondary Listing in Zimbabwe... After surviving a shareholder revolt that would have seen it selling Zimbabwean assets, the London alternative investment market (AIM) listed LonZim is working with advisors on a planned secondary listing on the Zimbabwe Stock Exchange (ZSE). According to LonZim's executive chairman, the decision is primarily attributed to the expected recovery reflected in rising equities on the ZSE.

14. Industry Recovery a Curse for Power Utility... The chief executive officer of the Zimbabwe Electricity Supply Authority (ZESA) told an energy forum on August 2 that an economic turnaround will strain the country's capacity to generate electricity. He stated that ZESA would need US\$900 million to refurbish its two main electricity generating stations to ramp-up production and enable the utility to cope with the expected demand as the economy recovers.

15. CZI Goes Zzzzz... The Confederation of Zimbabwe Industries (CZI) held its annual conference this week. The two-day gathering was sparsely attended, perhaps because captains of Zimbabwean industry could not spare the US\$240 registration fee. President Mugabe was scheduled to speak, but failed to appear. The Prime Minister and Finance Minister were also conspicuous by their absence. Speakers from industry, government, and academia offered numerous platitudes but no new ideas.

Quote of the Week

16. "Clearly, the Congressmen did not have the President on their schedule. The meeting was incidental to their mission in Zimbabwe." -- Presidential spokesman George Charamba, on a September 3 CODEL meeting with Mugabe, requested over two weeks in advance.

PETERSON